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ABSTRACT

Issues in implementating strategic planning in higher education management are considered, along with successful strategies and problem areas in implementing an integrated planning and budgeting process at DePaul University, a comprehensive Catholic university. Key implementation issues are as follows: (1) maintaining an organizational balance between a centralized and decentralized decision process, (2) ensuring compatibility between the strategic planning model and the institutional culture, (3) emphasizing an action orientation, (4) involving line managers in developing plans, (5) making incremental improvements as opposed to strategic leaps, and (6) integrating planning and budgeting. At DePaul University, successful strategies involved leadership, organizational strength, staff support, communication, linkage between planning and budgeting, and reliance on the expertise of line managers. Concerns are related to academic governance and responsiveness to a centrally-initiated planning process, sufficient time for consultation, and the need to integrate academic program review with the planning process. (SW)

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MAKING STRATEGIC PLANNING WORK:
EXPERIENCES FROM A PRIVATE UNIVERSITY

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for Management Research, Policy Analysis, and Planning

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Ann K. Dickey, Chair
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MAKING STRATEGIC PLANNING WORK:
EXPERIENCES FROM A PRIVATE UNIVERSITY

ABSTRACT

Strategic planning has been promoted as a useful tool for higher education management in the 1980s. This paper examines key issues in implementation. These are (1) maintaining an organizational balance between a centralized and a decentralized decision process, (2) ensuring compatibility between the strategic planning model and the institutional culture, (3) emphasizing an action orientation, (4) involving line managers in developing plans, (5) making incremental improvements as opposed to strategic leaps, and (6) integrating planning and budgeting.

In view of these issues, successful strategies and problem areas in implementing an integrated planning and budgeting process at a private, Catholic, comprehensive university are examined. Successful strategies pertain to leadership, organizational strength, staff support, communication, linkage between planning and budgeting, and reliance on the expertise of line managers. Concerns are related to academic governance and responsiveness to a centrally initiated planning process, sufficient time for consultation, and the need to integrate academic program review with planning process.

MAKING STRATEGIC PLANNING WORK: EXPERIENCES FROM A PRIVATE UNIVERSITY

Strategic planning, as a new management tool for the 1980s, has received mixed reviews in higher education literature. Advocates have stressed the utility of this open-system approach to planning (Keller, 1983; Shirley, 1983; Cope, 1981). Critics question whether it will soon fade away, as do most management fads in higher education (Allen and Chaffee, 1981; Baldridge and Okimi, 1982).

The essential principle underlying strategic planning is to develop a good fit between the institution and its environment. It is "an institution-wide process that examines the future, resulting in statements of intention that synergistically match strengths with opportunities" (Cope, 1981, p. 2).

The formal introduction of strategic planning to higher education is relatively recent. Many institutions are now in the process of implementing such an effort. Because of its corporate and military origin, the implementation of strategic planning in higher education has some inherent problems, yet few institutions have shared their experiences. As planning consultants in the corporate sector begin to ask "why strategic planning goes awry?"

(Hayes, 1986), this paper reviews key issues in implementation, and also examines several strategies employed in establishing strategic planning at DePaul University.

Implementation Issues

Why does strategic planning go awry? Stumbling blocks in successful implementation are many. Some are generic to both corporate and higher education sectors. Others are related to academic governance styles. Key issues are

1. Organizational Balance,
2. Institutional Culture,
3. Involvement of Line Managers,
4. Action Imperatives,
5. Linkage of Planning and Budgeting, and
6. Incremental Improvement.

1. Organization Balance. A balance between a centralized and a decentralized decision process is emphasized by McGinnis (1984). Strategic planning is commonly considered the primary function of chief executive officers. This top-down orientation implies that essential decisions about an institution's future can be made by a few top-level administrators with the support of a central planning staff. Goal setting at this level tends to ignore detailed and laborious implementation steps. "Strategic leaps" are often valued, regardless of the institution's capability and its ability to mobilize a significant amount

of resources in a relatively short period of time (Hayes, 1986).

This emphasis on centralized decision making goes against the collegiate organizational arrangement. In most universities and colleges, participative decision making among professionals is the norm. A top-down approach tends to alienate faculty and academic units. While entrepreneurship and responsiveness in formulating academic strategies are essential in enabling an institution to maintain its competitiveness and viability, ingenuity and innovations must come directly from members and areas in which the actions will be carried out.

The focus of centralized decision making is best devoted to the articulation of the institutional mission, a unified vision for the future, and the overall internal planning assumptions. Action plans and strategies should be generated through a decentralized process to instill a sense of ownership and commitment to the ideas.

2. Institutional Culture. A second challenge is to build strategic planning on institutional culture. Culture can be viewed in terms of decision style, communication patterns, and governance models. Goal ambiguity, contested goals, service orientation, high professionalism, and fragmented professional staffs are only a partial list of organizational characteristics exhibited in most universities and colleges. Competing governance styles, ranging from bureaucratic, collegial, and political, to

organized anarchy, may be present simultaneously in one organization. Decision making styles also vary, often from college to college, or from one vice president to another. These characteristics make institutional commitment to a common set of goals and objectives difficult.

Participative management, particularly in the form of the institution-wide committee, is the likely norm and also considered a "good" approach. However, the risk taking nature, flexibility, timeliness, and responsiveness demanded in successful strategic planning can rarely be accomplished in a committee setting. Effective faculty participation in planning and decision making must be redefined and more collaborative solutions be developed, as suggested by Floyd (1985).

3. Action Imperatives. Effective strategic planning must move beyond vaguely formulated goals. Without a detailed action plan, implementation can go awry, fall apart, or be executed in a different direction. The same goal statement can be implemented in numerous ways and be drastically different, depending on the interpretation and motivation of line managers.

The implied rationality in strategic planning assumes that environmental forces can be regularly and systematically monitored. Strategies can then be formulated, trade-offs of alternatives can be evaluated, and actions follow. This analytical approach operates well in a static environment, but in reality, decisions are made

continuously and rarely follow a rational model. Therefore, when the focus of strategic planning is not at the action level, the trade-off analysis tends to offer little incentive, and the overflow of information can block the decision maker's ability to choose among alternatives (Ewell and Chaffee, 1981). Intuition and judgment must be exercised in combination with analysis to move the planning from goals and objectives into actions (Mcginnis, 1984).

4. Involvement of Line Managers. To move the locus of strategic planning from the decision level to the action level requires input from academic and administrative managers who have direct responsibilities in implementation. Inadequate participation of these managers often results in resistance or withdrawal of support. The increasing professionalism and specialization in higher education management has shifted more problem solving responsibilities to the operational level. Planners should take both autonomy and expertise into consideration at this level in implementation.

Preparing managers to think strategically, to monitor external trends regularly, and to develop action plans in support of university goals would help build institutional strength in the long run. Preparation means better communication of the university's goals and general direction, increased awareness and commitment on the manager's part about institutional mission and purposes. Planning should be required as an integral component of each

academic and administrative manager's responsibility. The uneven presence of expertise and readiness within an institution usually delays the implementation timetable.

5. **Incremental Improvement.** Strategic planning, like many innovations in higher education, is either considered deceptively simple, or its usefulness is overestimated (Allen and Chaffee, 1981). In the pursuit of national prestige and excellence, many universities and colleges tend to set goals too high, regardless of their institutional mission and capabilities. However, only a few institutions are resource rich and can quickly redirect their future. Unfortunately, these institutions are most visible success stories. For most institutions, without a dramatic growth in the endowment fund, strategic leaps imply a significant shift of existing resources from one area to another, and may result in some undesirable sacrifices. As private institutions become more tuition dependent and market sensitive, dramatic shifts in program emphases and student markets are risky and usually met with resistance from faculty. Sustaining quality and growth in view of many undesirable environmental trends for the next five to ten years may be a successful strategic management itself.

The rational model inherent in strategic planning also encourages the planner to aim high in goals and objectives, and then identifies strategies and resources. McGinnis (1984) suggests that a reversed logic is more productive: an institution should first assess its capabilities--

financial, human, program, service, and physical resources--then develop opportunities when appropriate. This argues that more attention should be devoted to enhancing institutional readiness in its human resources and financial resources. Steady incremental improvements, for example, in faculty salaries, program quality, and student financial aid support, are building blocks of a healthier institution.

6. **Linkage of Planning and Budgeting.** Strategic planning can quickly falter and become an annual ritual if it is not closely integrated with the annual budget process. In most cases, implementation of new strategies requires additional human and financial resources. If not reviewed as part of an annual budget request, no priorities can be set. While the budget process offers direct incentives for all members participating in deliberation, there may be a tendency to let the budget determine planning priorities. This confirms the need to emphasize actions in strategic planning. Due to the flexible nature of strategic planning, it maybe difficult to map out all the actions plans and the resource requirements for more than two to three years. Regular review of of financial trends and ratios, and financial forecasts should be regarded as an essential analytical tool to link planning and budgeting as one process (Dickmeyer and Huges, 1980).

Experiences from Depaul University:

Implementation Strategies and Some Lessons Learned

In this section, both successful strategies in implementation and concerns in implementing DePaul's strategic planning are discussed. The integrated planning process introduced eighteen months ago is completing its first cycle. Therefore, the following discussion should be viewed as a progress report.

DePaul University, located in the City of Chicago, is a Catholic comprehensive university founded by Vincentian fathers. The University has a strong tradition in its urban and public service mission, emphasizing quality education for students with aspirations for social and economical mobility within the metropolitan area. Our Autumn 1985 enrollment was 12,836 in headcount and 8,948 in FTE. A great diversity in programs and student mix has been maintained over the years. Financially speaking, the University is highly tuition dependent, and a $40 million campaign is underway to expand the endowment size.

The present strategic planning process started in early 1984 with these objectives in mind:

1. to develop a unified vision to guide its future development,
2. to develop a set of priorities and appropriate strategic decisions for implementing the long-term vision,

3. to strengthen the University by identifying areas for improvement in students, programs, and public services,
4. to more effectively channel resources according to long-term priorities and goals--a more integrated planning and budgeting process,
5. to improve the University image through student marketing, fund raising, and more effective internal and external communication, and
6. to develop clear guidelines and evaluative measures for the NCA self-study and internally initiated review efforts.

An integrated planning and budgeting framework, based primarily on Shirley's conceptual model, was adopted. As shown in Figure 1, the model assumes three levels of strategies in decision making--strategic, operational, and tactical. External environmental forces were examined, the mission reviewed, and internal assumptions developed. Each vice president and dean were requested to develop action plans in terms of strategies, required resources, responsible units, and a timetable to support broad university goals and objectives.

The President assumed the role of chief planner, supported by the Office of Institutional Planning and Research. Key participants are listed in Figure 2. Each level of decision making was expected to be consistent with the existing organizational structure.

The proposed timetable was based on an eighteen-month cycle, including a sequential set of steps and activities, as shown in Figure 3. The expectation was to have all the operational plans developed so that short-term budget priorities could be generated each year from the strategic plan.

The cycle can be segmented into three parts: review accomplishments and planning assumptions and identify new priorities (approximately from January through August); develop proposal for the next year's operating budget (September through the following January); and prepare detailed budget for implementation (February through June). The first set of activities is in the domain of chief executive officers, with input from Deans. The second set of activities is carried out primarily by the President and the university budget committee appointed by him. The third set is strictly the responsibility of the Controller's Office and each budget manager. The process is intended to be a continuous one and overlaps over the year.

Eighteen months into the process, we have attained some intended and some unintended outcomes, and we have also made many adjustments in the model.

Successful Strategies

1. Emphasize presidential leadership and management visibility.

The President has to lead the process and persistently push it forward, especially when the pace of participation

and implementation is unequal within the University. Problems in the top-down approach of strategic planning were quickly pointed out in the beginning of the process, and sufficient autonomy for academic deans was considered. The President has addressed various university groups using the integrated model as framework for developing future directions.

In addition, various vice presidents have carried the message to their respective groups of managers. Support from the management team was gained gradually. Communication by the management team members reinforced the President's commitment to planning. For example, our Vice President for Business and Finance presented FY 87 budget decisions to various university groups within the planning framework, emphasizing the linkage between planning and budget priorities.

2. Planning and budgeting has become more integrated.

Several steps are taken to build a closer linkage between long term needs and annual resource allocation:

1. The President sets broad annual budget priorities, based on strategic planning results.
2. A university-wide budget committee, appointed by the President, is responsible for making priorities into action plans. All the Vice Presidents and representatives from faculty and administration participated in this process.

3. Conduct annual enrollment and tuition revenue projections in a participative manner to foster accountability in enrollment management in each college and admissions offices.
4. Conduct financial analyses and forecasts to facilitate the budget process.
5. Conduct research on key areas of the budget.

Financial analysis and financial planning are important components in our strategic planning. The past, present, and future financial condition of the University is analyzed through the development of financial ratios and trends. Financial forecasts were used in an interactive manner to facilitate the priority setting process (see Figure 4). A good understanding of revenue mix, resource mix, expenditure mix, and risk position also allows the planning staff to devote the research effort on planning issues which will have long-term financial impacts.

3. Strengthen the participation of various constituency groups in planning without setting up an elaborate committee structure.

The existing governance groups were frequently consulted to gain input for planning. This approach helps to enhance participation without creating a parallel group of advisory committees. Each governance group, including trustees, faculty, staff, and administrative directors, has selected key planning issues to address in the future. For example, our Faculty Council has sponsored two symposia to invite

faculty input into enrollment planning and the budget process. A faculty survey was just completed to assess faculty preference and concerns on various aspects of faculty life.

4. Expand the support for planning activities through a stronger institutional research staff.

The University has expanded its support for a stronger institutional research staff as part of the President's Office. This staff model, as opposed to a planner model (i.e., Vice President for Planning), helps to enhance the visibility of the President and also helps direct the focus of policy research and planning activities according to university priorities. An interdisciplinary team was formed. Multiple planning approaches were used, including environmental scanning, comparative institutional profile, financial analysis and projections, enrollment projections, market research, and the distribution of an institutional fact book.

The staff developed knowledge in financial and budget analysis to support the integrated planning model. A broader base of institutional contacts was developed, especially with Controller's office and areas traditionally not accessible to institutional research professionals. An expanded role of institutional research was developed, as suggested by institutional research professionals (Peterson and Corcoran, 1985).

5. Build planning activities on expertise of line managers and organizational strengths.

Organizational context and institutional culture are considered in developing implementation strategies. Support groups were developed to take advantage of the strong expertise of our line mangers. The horizontal organizational structure and strong informational communication network in our university also allows planning staff to gain input without going through the formal chain of command. Leadership at the operational level was strengthened through sharing information and greater awareness of planning issues. The environmental scanning is performed in many areas by managers themselves, particularly in financial areas, and legal watch in personnel areas. By bringing more opinion leaders into the planning process, both formal and informal communication channels are used to gain greater support and understanding of planning.

6. Emphasized incremental improvements building on existing institutional strengths.

Potential pitfalls in our initial aspiration to reposition the University in the next few years was recognized. Planning participants adopted a more realistic approach, emphasizing sustained improvement in academic quality and student life as the three to five year goal for the University. This change of attitudes was the result of a careful review of financial projection and analysis and a lengthy deliberation of the uniqueness of our institutional

mission and strength as an urban, Catholic, Vincentian, and teaching institution.

7. Planning documents are used judiciously to facilitate process and actions.

Planning documents were prepared to elicit discussion and feedback, and to articulate internal assumptions and values underlying the institutional mission. Operational units were not required to produce lengthy planning documents. The responsibility of compiling planning documents and annual updates rests primarily in the planning office.

8. Annual updates and progress reports are communicated via both formal and informal networks within the institution.

To make planning a continuous process and a responsibility of every manager, the President presents progress reports, and annual updates are being produced. This strategy offers recognition of those managers who were responsible for implementation. Again, formal and informal channels are used to convey the message.

Adjustments and New Concerns:

1. Sufficient time for consultative process must be provided.

Our proposed timetable did not provide sufficient time for consultation, especially with faculty members and college staff. Articulation of internal assumptions was prolonged and the academic units required more time to form a consensus and adapt to the planning mode. It is typical for large and complex institutions that the articulation

process is gradual initially, and managers are usually given more room for initiative and taking directions (Lorange, 1976). Planning and budgeting may have to be integrated over a period of years. This process may be accelerated in smaller, single purpose organizations.

2. The approach and process for strategy formulation differs for academic units and administrative units.

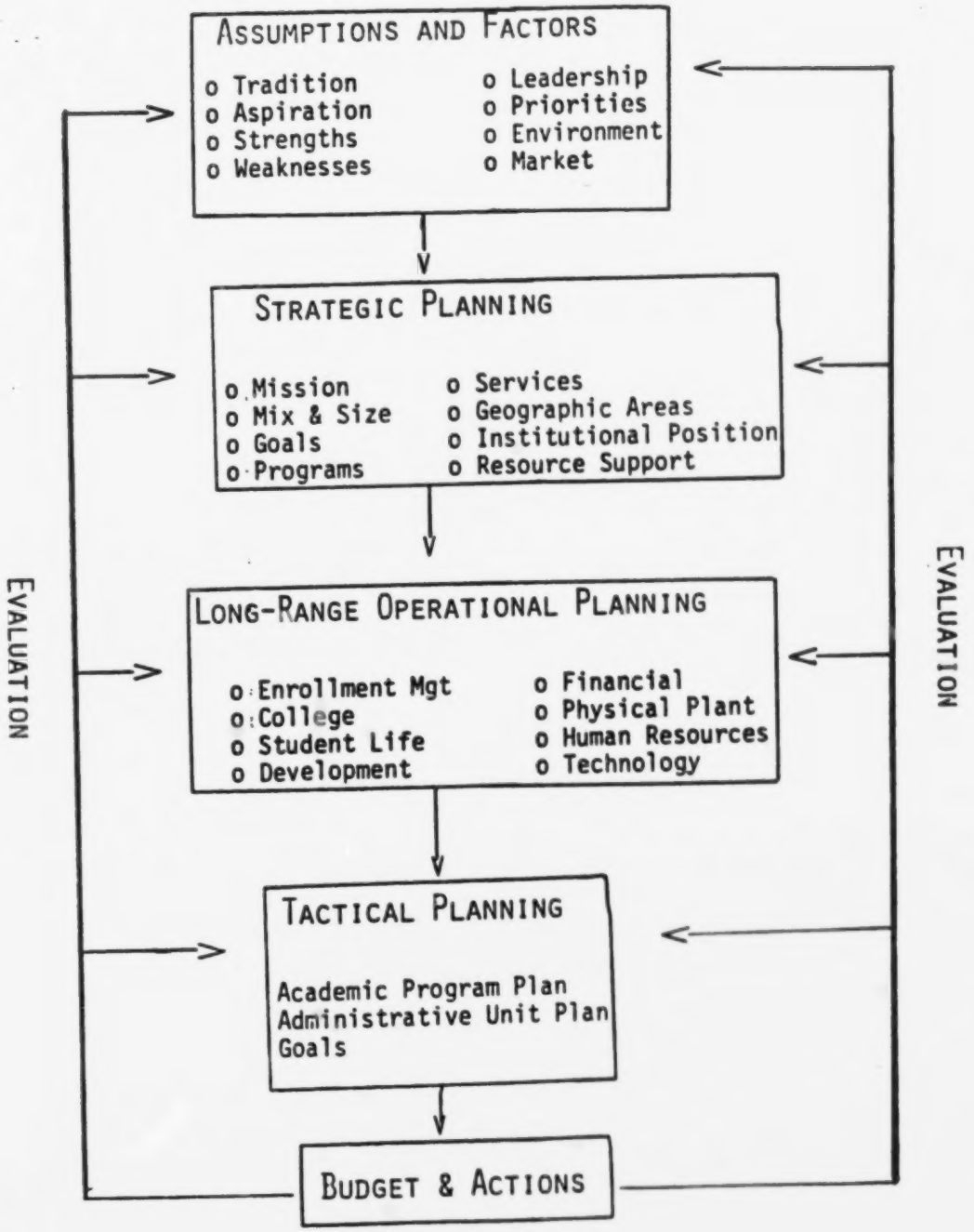
The format for formulating action plans was widely accepted by administrative units as a very efficient approach to present actions and to update progress. However, academic units construed the format as mechanical and bureaucratic, one that does not encourage the more philosophical and intellectual debates that academic units are more accustomed to. Now colleges are encouraged to present strategies in a less structured format.

3. Academic review must be an integral part for academic planning.

Strategic planning in academic areas has to be built on a solid information base of the strengths and weaknesses of each program. Without an academic program review process and the associated database, academic planning can be unrealistic, and effective reallocation of resources cannot be achieved. Establishing an integrated academic planning and review process that is efficient and action oriented will be a challenge for DePaul in the coming years.

FIGURE 1

AN INTEGRATED PLANNING MODEL



PLANNING & BUDGETING

Level of Planning	Principle Participants
Strategic Planning	President Administrative Council
Long-Range Operational Planning	
Functional Areas	Vice Presidents & Departments
Colleges	Deans and Department Heads
Tactical Planning	Department Heads
University Annual Budget	University Budget Committee

PLANNING & BUDGETING CYCLE

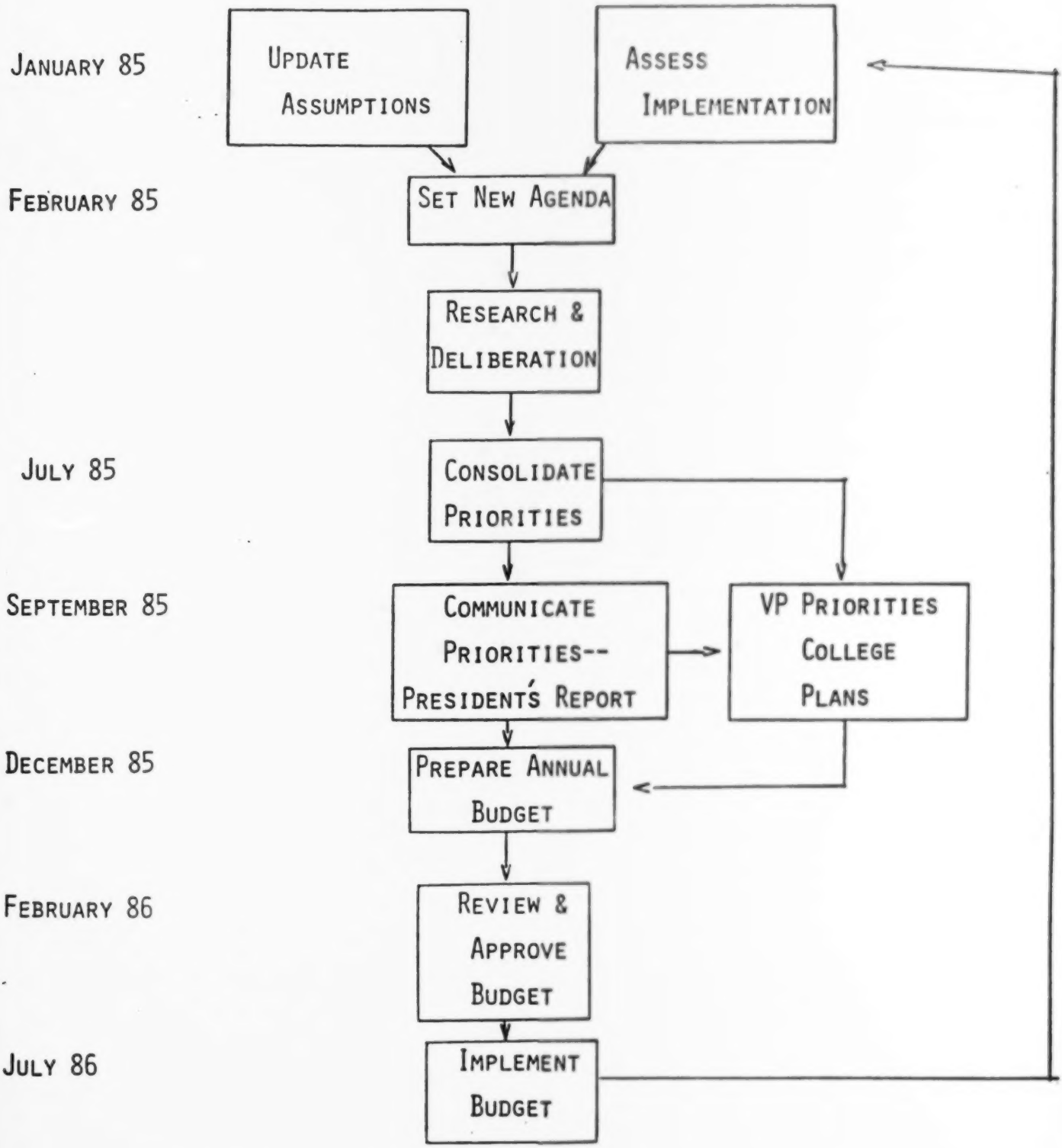
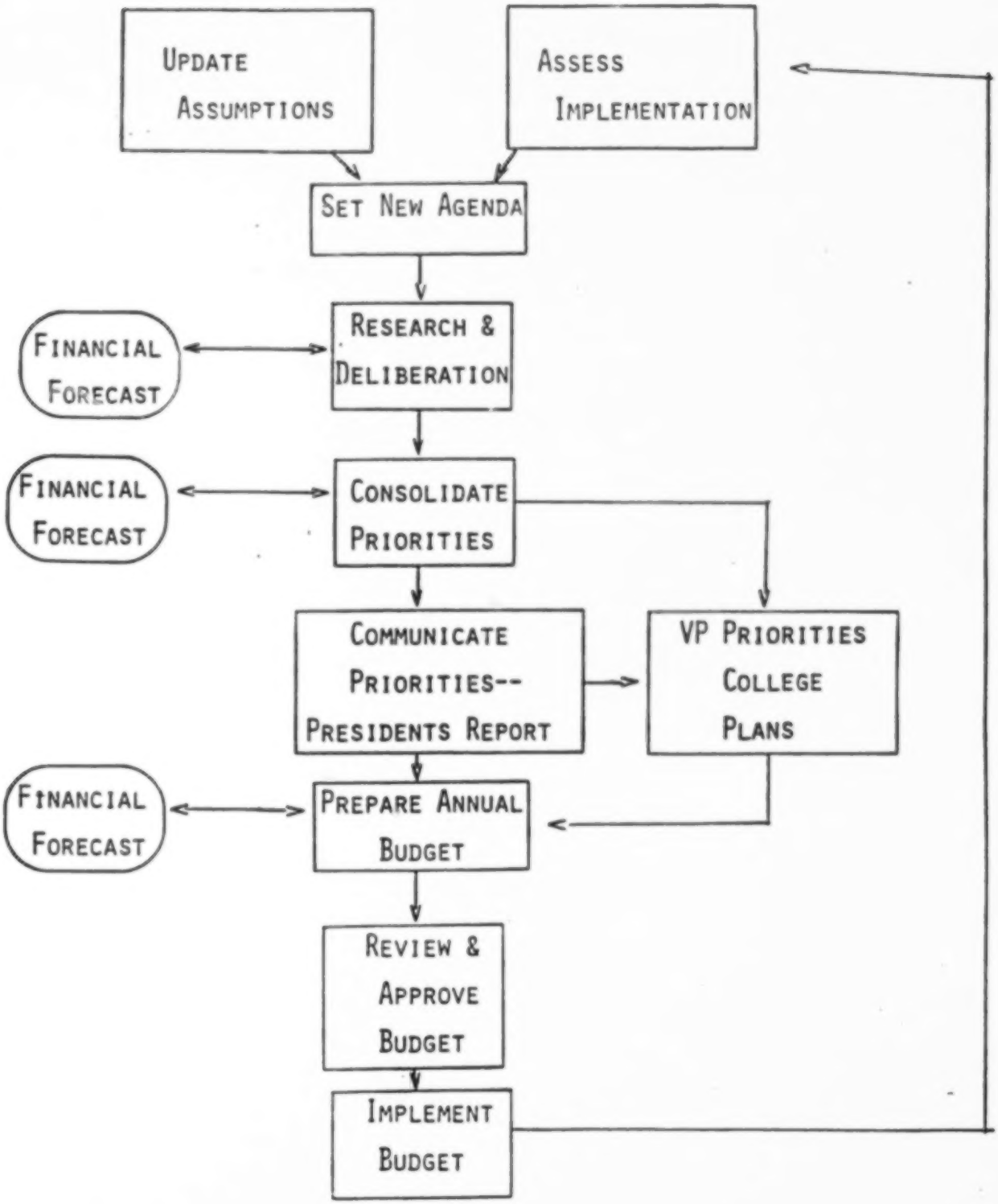


FIGURE 4

PLANNING & BUDGETING CYCLE



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